

Exhibit M

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

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4 In Re:) Case No. SA08-15588-ES
5 LBREP/L-SUNCAL MASTER I, LLC,)
6 Debtor.) Santa Ana, California
) Tuesday, December 21, 2010
) 9:00 a.m.
)

HEARING RE: MOTION TO APPROVE
AMENDED AND RESTATED
COMPROMISE BETWEEN THE
TRUSTEE, THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS, AND LEHMAN
COMMERCIAL PAPER INC., IN ITS
INDIVIDUAL CAPACITY AND AS
ADMINISTRATIVE AGENT FOR THE
1ST LIEN LENDERS (ORDER
GRANTING EMERGENCY MOTION FOR
HEARING DATE ON REGULAR NOTICE
ENTERED 9/20/10)

CONT'D HEARING RE: DISCLOSURE
STATEMENT FILED BY ALFRED H.
SIEGEL, CHAPTER 11 TRUSTEE,
DESCRIBING CHAPTER 11 PLAN

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE ERITHE SMITH
UNITED STATES BANKRUPTCY JUDGE

25 Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

1 APPEARANCES:

2 For LBREP Lakeside:

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6 For the Chapter 11 Trustee
7 Al Siegel:

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1 APPEARANCES: (cont'd.)

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1 Q You'd agree with me that LBREP Lakeside is not a party
2 to the agreement, right?

3 A That's correct.

4 Q LBREP Lakeside is not getting or giving a release,
5 right?

6 MR. SMILEY: Objection. Calls for a legal
7 conclusion.

8 BY MR. MCKANE:

9 Q What's your understanding sir of the agreement? Is
10 LBREP Lakeside giving or getting a release?

11 A My understanding they are not, no.

12 Q You did not intend for the settlement to effect the
13 rights of third parties, right?

14 A That is correct.

15 Q You didn't intend for the settlement to have any impact
16 on any rights, claims or defenses that LBREP Lakeside may
17 have, right?

18 A That's correct.

19 Q So, sir in your view, based on your understanding, the
20 releases in the settlement doesn't prevent LBREP Lakeside
21 from pursuing any claims, rights or defenses it may have
22 against LCPI and the first lien lenders, right?

23 A That's my understanding.

24 Q Your understanding is informed not only on your
25 discussions with counsel, but on your 20 years of being a

1 have, right?

2 MR. SMILEY: Objection. The document speaks for
3 itself and it's irrelevant.

4 THE COURT: Sustained on the document.

5 BY MR. MCKANE:

6 Q What is your understanding as to what Judge Peck
7 authorized?

8 MR. SMILEY: Objection. Irrelevant.

9 THE COURT: Overruled. You may answer.

10 THE WITNESS: As to your original question as to
11 the carve out commentary and the order, as far as the rights
12 of third parties I don't believe they are impacted by the
13 order.

14 BY MR. MCKANE:

15 Q And that's based on your understanding based on your
16 review of the order, correct?

17 A I read the order, yes.

18 Q Sir, you're seeking approval of this term sheet under
19 Rule 9019 of the Bankruptcy Code, correct?

20 MR. SMILEY: Objection. Calls for legal
21 conclusion.

22 THE COURT: Sustained.

23 BY MR. MCKANE:

24 Q Sir, is it your understanding that you're seeking a
25 review of Rule 9019 of the Bankruptcy Code?

1 MR. SMILEY: Same objection.

2 THE COURT: Hold on. I'm going to overrule. He
3 can speak to his understanding.

4 THE WITNESS: Yes.

5 BY MR. MCKANE:

6 Q Is it your understanding that evaluating the settlement
7 under Rule 9019 of the Bankruptcy Code you should have as a
8 trustee should evaluate any impact that a summit may have on
9 third parties?

10 A Certainly.

11 Q And, you did that, right?

12 A I did that in consultation with counsel, yes.

13 Q Based on your review and your consultation with
14 counsel, you concluded this is a bilateral agreement that
15 doesn't cut off any rights, duties or abilities that third
16 parties have against either the estates or LCPI, right?

17 MR. SMILEY: Objection. Calls for a legal
18 conclusion and irrelevant, been asked and answered.

19 THE COURT: Overruled. He may answer.

20 THE WITNESS: Can you say the question again
21 please?

22 BY MR. MCKANE:

23 Q Based on your review under the analysis that you
24 believe you are required to do under Rule 9019, you reached
25 the conclusion that this term sheet doesn't impact any

1 rights, defenses or claims of third parties, right?

2 A My only opinion is that's correct.

3 Q That's an informed lay opinion based on your
4 discussions with counsel, right?

5 A Yes, sir.

6 Q In fact, sir, are you familiar with or have any
7 understanding of what would be a California Civil Procedure
8 Rule 877 and 877.6? Any understanding what those are?

9 MR. SMILEY: Objection. Irrelevant.

10 THE COURT: Overruled. You may answer.

11 THE WITNESS: Not numerically. I'm sorry.

12 BY MR. MCKANE:

13 Q Sir, do you understand that there's a procedure in
14 California in which a party of a settlement can attempt to
15 cut off contribution or indemnification claims of third
16 parties?

17 A I have some understanding as to that, yes.

18 Q All right. Based on that understanding that there's a
19 procedure in California which could enable a participant to a
20 settlement to cut off contributions and indemnification
21 rights a third party may have, it's your understanding that
22 the approval of this settlement doesn't have that impact,
23 right?

24 MR. SMILEY: Objection. Asked and answered.

25 THE COURT: Overruled. You may answer.

1 THE WITNESS: Can you ask again please?

2 BY MR. MCKANE:

3 Q Sure. You understand there's a procedure in California
4 in which a party to a settlement can attempt to cut off
5 contribution and indemnification rights for third parties,
6 right?

7 A Yes, sir.

8 Q And, it's your understanding that you're not seeking to
9 cut off those rights of indemnification or contribution that
10 any third party may have to this settlement, correct?

11 A That's my understanding.

12 Q And, that's an understanding that you have based on
13 your 20 years of being a trustee and based on the advice of
14 counsel you've received in this case?

15 A That's correct.

16 Q Sir, your understanding of what's necessary to cut off
17 the rights of contribution or indemnification, you understand
18 that -- is it your understanding that you actually have to
19 conduct an analysis of the proportionate liabilities of other
20 defendants, non-settling before you can cut off those rights?

21 MR. SMILEY: Objection. Lack of foundation and
22 calls for a legal conclusion.

23 THE COURT: Sustained on foundation.

24 BY MR. MCKANE:

25 Q Do you have an understanding? You said you understood

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1 terms of -- I'm traveling back to the east coast tomorrow,
2 and I land just around the time of your ruling. I'll dial in
3 on my cell phone. If there's a problem -- (indiscernible).

4 THE COURT: Okay. Good luck getting to the
5 airport and landing on time.

6 (Proceedings concluded.)

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9 I certify that the foregoing is a correct
10 transcript from the electronic sound recording of the
11 proceedings in the above-entitled matter.

12

13 /s/ Holly Martens _____
14 Transcriber

1-13-11 _____
Date

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